

## **SECTION 4**

### **CHAPTER 1**

#### **OVERVIEW**

Audit Follow-Up is the process of ensuring that Office of Inspector General (OIG) and Government Accountability Office (GAO) audit recommendations are implemented in a timely manner and that disagreement regarding audit findings and corrective actions between management and the OIG are resolved. Office of Management and Budget (OMB) Circular A-50, "Audit Follow-Up," (see Addendum A) directs each federal agency to "establish systems to assure the prompt and proper resolution and implementation of audit recommendations."

The Department firmly believes that timely implementation of OIG and GAO audit recommendations is essential to improving efficiency and effectiveness of its programs and operations, as well as achieving integrity and accountability goals. To demonstrate the importance of its commitment to the timely implementation of OIG and GAO audit recommendations, the Department has established goals for meeting the requirements of GPRA. The GPRA goal is based on the number of audit recommendations at the beginning of the fiscal year that have targeted implementation dates during the fiscal year as well as any audit recommendations referred during the fiscal year with target implementation dates during the fiscal year.

The Department has established a comprehensive audit follow-up program to ensure that policy and direction regarding the resolution and implementation of audit recommendations is promulgated for the Department's managers, that audit recommendations are implemented in a timely and cost-effective manner, and that audit-related debt and other funds due the federal government from contractors and grantees are collected, offset, or written-off, as appropriate.

This section of the handbook discusses the roles and responsibilities of all components of the audit follow-up process, procedures for responding to audit reports, the Department's audit follow-up tracking system, reporting, and references to key OMB, GAO, and Departmental guidance pertaining to the Audit Follow-Up Program.

#### **ROLES AND RESPONSIBILITIES**

The Department's Audit Follow-Up program provides for the clear responsibility of all components involved in reviewing, responding to, and implementing of audit recommendations in a timely and effective manner. These roles and responsibilities are outlined below and in Section 1.4A of Departmental Chapter 361 DM 1.

#### **The Office of Inspector General**

The OIG, under the general supervision of the Secretary, is responsible for conducting, supervising, and issuing audit reports of programs, operations, activities and functions conducted by the Department as well as programs funded by the Department. The OIG is also responsible for conducting or supervising audits of insular area governments' programs and operations. It

determines when audits can be carried out by organizations outside the OIG, such as state and local auditors. In addition, the OIG issues audit reports that it has conducted or that have been conducted by other audit organizations.

### **Government Accountability Office**

GAO is the investigative arm of Congress that supports the Congress in meeting its Constitutional responsibilities and assists in improving the performance and accountability of the federal government.

### **Assistant Secretary - Policy, Management and Budget**

The Assistant Secretary - Policy, Management and Budget (AS/PMB) is the Department's Chief Financial Officer (CFO), and, as such, discharges the authority of the Secretary for all phases of management and administrative activities and serves as a principal policy advisor to the Secretary. The AS/PMB is also the Chair, Internal Control and Audit Follow-Up (ICAF) Council and Audit Follow-Up Official. In this capacity, the Assistant Secretary is responsible for overseeing the Department's Audit Follow-Up Program, including the resolution of disputed audit recommendations and corrective actions.

### **Office of Financial Management**

The Assistant Secretary - Policy, Management and Budget has delegated day-to-day responsibility for carrying out the responsibilities of the Audit Follow-Up Program to the Office of Financial Management (PFM). PFM is responsible for establishing Departmental policy regarding the Departmental Audit Follow-Up Program, for assisting the Audit Follow-Up Official in resolving disputed audit recommendations, for establishing and maintaining the Departmental audit follow-up tracking system, and for providing training and technical assistance to bureaus and offices regarding the Department's Audit Follow-Up Program.

### **Departmental Management (Program Assistant Secretaries and Bureau and Office Directors)**

Assistant Secretaries and bureau/office directors are primarily responsible for responding to and ensuring the implementation of audit recommendations. They are responsible for designating an audit liaison officer to be responsible for day-to-day audit and audit follow-up functions, and for ensuring that systems are in place that provide for the prompt and thorough response to audit recommendations and for the implementation of audit recommendations.

### **Audit Liaison Officers**

Audit Liaison Officers, appointed by program Assistant Secretaries and/or bureau/office directors, serve as points of contact for all audit activities for their organizational component.

### **Senior Management Council/Internal Control and Audit Follow-up Council**

The Council is chaired by the AS/PMB and is comprised of all program assistant secretaries, the Solicitor, and the Inspector General (ex officio), Deputy Assistant Secretary – Business Management and Wildland Fire, Chief Information Officer, and Senior Procurement Official.

The Council's responsibilities are to:

- Ensure Interior's commitment to an appropriate internal control environment;
- Approve Interior's implementation plan for assessing and reporting on internal controls over financial reporting;
- Assess and monitor correction of deficiencies in internal control;
- Identify and ensure correction of systemic weaknesses;
- Review and approve management's annual assertion on effectiveness of internal controls over financial reporting;
- Recommend to the AS/PMB which control deficiencies are material to disclose in the annual Federal Managers Financial Integrity Act (FMFIA) assurance statement and PAR;
- Oversee implementation of corrective actions related to material weaknesses; and
- Determine when sufficient action has been taken to declare a reportable condition or material weakness corrected.

### **Senior Assessment Team/Management Initiatives Team**

The team is responsible to:

- Ensure assessment objectives are clearly communicated throughout the agency;
- Ensure adequate funding and resources are made available to comply with the requirements of OMB A-123, as revised;
- Ensure assessments are planned, conducted, documented, and reported upon in a thorough effective, and timely manner;
- Identify staff and/or secure contractors to perform assessments;
- Determine the scope of assessments and materiality thresholds in accordance with the requirements of OMB A-123, as revised; and
- Determine or approve assessment design and methodology for each entity and the Department.